

**Commonwealth of Kentucky
Natural Resources and Environmental Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382**

AIR QUALITY PERMIT

Permittee Name: Pinnacle Processing, Incorporated
Mailing Address: HC-64, Box 917, Debord, Kentucky 41214

is authorized to operate an existing
Coal Preparation Plant with a Thermal Dryer located at Pevler Mine on the Middle Fork
of Rockcastle Creek, Debord

Facility Name: Pinnacle Processing, Incorporated
Mailing Address: HC-64, Box 917, Debord, Kentucky 41214

Facility Location: Pevler Mine on the Middle Fork of Rockcastle Creek,
Debord, Kentucky

Permit Type: Federally-Enforceable Title V
Review Type: Title V Operating
Permit Number: V-97-005 **Log Number:** F111
Facility ID #: 101-2620-0004
FINDS Number: KYD985076397
SIC Code: 1221

Region: Appalachian
County: Martin

Issuance Date: November 10, 1997
Expiration Date: November 10, 2002

**John E. Hornback, Director
Division for Air Quality**

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SECTION A - PERMIT AUTHORIZATION

Pursuant to a duly submitted application which was determined to be administratively and technically complete, the Kentucky Division for Air Quality hereby authorizes the operation of the processing and air pollution control equipment described herein in accordance with the plans, specifications, permit application, and other information submitted by the permittee. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct, alter, or modify any affected facilities without first having submitted a complete application and receiving a permit for the planned activity from the permitting authority. Any minor modification to the affected facilities is allowed only if it does not trigger any other requirements.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by this Cabinet or any other federal, state, or local agency.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS

01	(1)	Receiving Hoppers (3)	1000 tons per hour, each.
	(2)	Primary Crushers (3)	1000 tons per hour, each.
	(3)	Secondary Crusher	1000 tons per hour.
	(4)	Screen	1000 tons per hour.
	(5)	Conveyor Transfer Points (24)	1000 tons per hour, each.
	(6)	Storage Silos (5)	1000 tons per hour, each.
	(7)	Railcar Loadouts (2)	One @ 3 800 tons per hour. One @ 1000 tons per
			hour.
	(8)	Truck Loadouts (2)	1000 tons per hour, each.
	(10)	Haul Road and Yard Area (Paved)	
	(10)	Haul Road and Yard Area (Unpaved)	
	(11)	Stacking Tube Stockpile	1000 tons per hour

APPLICABLE REGULATIONS:

State Regulation 401 KAR 63:010, Fugitive emissions.

Applicable Requirements:

- a) Pursuant to State Regulation 401 KAR 63:010, Section 3, reasonable precautions shall be taken to prevent particulate matter from becoming airborne. Such reasonable precautions shall include, when applicable, but not be limited to the following:
 1. Application and maintenance of asphalt, water, or suitable chemicals on haul roads, material stockpiles, and other surfaces which can create airborne dusts.
 2. Installation and utilization of hoods, fans, and fabric filters to enclose and vent the emissions from the transporting and processing of dust generating materials, or use of water sprays or other measures to suppress the dust emissions during transporting and processing.
- b) Pursuant to State Regulation 401 KAR 63:010, Section 3, discharge of visible fugitive emissions beyond the property line is prohibited.

SECTION B - (continued)

1. Operating Limitations:

None

Compliance Demonstration Method:

None

2. Emission Limitations:

None.

Compliance Demonstration Method:

None.

3. Testing Requirements:

None.

4. Specific Monitoring Requirements:

None.

5. Specific Record Keeping Requirements:

None.

6. Specific Reporting Requirements:

See Section F, Condition 6.

7. Specific Control Equipment Operating Conditions:

- a) The control equipment (conveyor, truck dump, hopper, crusher enclosures and stockpile & haul road wet suppression) shall be operated and maintained as necessary to maintain compliance with applicable requirements, in accordance with the manufacturer's specifications and/or standard operating procedures.
- b) Records regarding the maintenance and operation of the control equipment shall be maintained and made available upon request for inspection by any duly authorized representative of the Division for Air Quality.
- c) See Section E for additional requirements.

SECTION B - (Continued)

8. State-Origin Requirements:

a) Operating Limitations:

NA

b) Emission Limitations:

NA

9. Alternate Operating Scenarios:

NA

10. Compliance Schedule

NA

11. Compliance Certification Requirements

See Section F, Condition 7.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

02 (9) Coal Fired Thermal Dryer

217 tons per hour, coal dried.

2 tons per hour, coal burned.

APPLICABLE REGULATIONS:

State Regulation 401 KAR 61:020, Existing process operations.

1. Operating Limitations:

Operating rate: 217 tons per hour

Compliance Demonstration Method:

Hourly operating rate shall be calculated from the weekly coal drying rate and hours of operation.

2. Emission Limitations:

- a) Pursuant to State Regulation 401 KAR 61:020, Section 3(1), any continuous emissions into the open air shall not equal or exceed forty percent (40%) opacity based upon a six-minute average.
- b) Pursuant to State Regulation 401 KAR 61:020, Section 3(2), particulate matter emissions into the open air shall not exceed 59.49 pounds/hour based upon a three-hour average.

Compliance Demonstration Method:

Compliance with the applicable standards shall be demonstrated by comparing the hourly allowable emission rate (59.49 lbs/hour) with the product of the amount of coal processed (tons/hour) x uncontrolled emission factor (20 lbs/ton), x 0.01 (99% control equipment efficiency).

Compliance with the opacity standard shall be assured by reading the opacity daily using EPA Reference Method 9.

3. Testing Requirements:

EPA Reference Method 9 shall be used to determine opacity and shall be performed upon the Division's request. A performance tests/compliance demonstration using Method 5 will be required by the Division within sixty days after issuance of the permit in order for the source to show compliance with the particulate matter mass emission standard. See Section D, Condition 2.

SECTION B - (Continued)

4. Specific Monitoring Requirements:

See Section F, Condition 5.

5. Specific Record Keeping Requirements:

- a) Records of the coal dried and hours of operation shall be maintained on a daily basis and provided for inspection by any duly authorized representative of the Division for Air Quality.
- b) See Section F, Condition 9.
- c) Records shall be maintained for period of five (5) years.

6. Specific Reporting Requirements:

See Section F, Condition 6.

7. Specific Control Equipment Operating Conditions: The thermal dryer shall be controlled by a wet scrubber and a mist eliminator so as to comply with the requirements as specified in State Regulation 401 KAR 61:020, Existing process operations.

- a) The pressure drop across the wet scrubber shall be no less than 12 inches of water and be checked and recorded on a daily basis.
- b) The scrubbing liquid (water) flow rate shall be no less than 665 gallons per minute and be checked and recorded on a daily basis.
- c) Any deviation from the permit limits must be explained in the semiannual report.
- d) See Section E for further requirements

8. State-Origin Requirements:

a) Operating Limitations:

NA

b) Emission Limitations:

NA

9. Alternate Operating Scenarios:

NA

10. Compliance Schedule:

NA

11. Compliance Certification Requirements:

See Section F, Condition 7.

SECTION C - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant activities for this source pursuant to Regulation 401 KAR 50:035, Section 5(4).

None.

SECTION D - SOURCE EMISSION LIMITATIONS AND TESTING REQUIREMENTS

1. Particulate and visible opacity emissions, as measured by methods referenced in State Regulation 401 KAR 50:015, Section 1, shall not exceed the respective limitations specified herein.
2. a) The owner or operator shall conduct performance tests on emission point 02 (9) - Coal Fired Thermal Dryer using Method 5 for particulate emissions and furnish the Division a written report of the results of such performance tests within sixty days after the issuance of this permit.
- b) At least 30 days prior to the date of the required performance test, the permittee shall contact the Division to schedule a meeting for the purpose of establishing performance test protocol. The Division shall be notified of the actual test date at least 10 days prior to the tests.

SECTION E - CONTROL EQUIPMENT CONDITIONS

1. Pursuant to State Regulation 401 KAR 50:055, Section 2(5), at all times, including periods of startup, shutdown and malfunction, owners and operators shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the cabinet which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source.
2. Pursuant to State Regulation 401 KAR 50:012, Section 1(1), in the absence of a specific regulatory standard, all air contaminant sources shall as a minimum apply control procedures that are reasonable, available, and practical.
3. All fugitive emissions shall be controlled in accordance with State Regulation 401 KAR 63:010, Fugitive emissions.

SECTION F - MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS

1. When continuing compliance is demonstrated by periodic testing or instrumental monitoring, the permittee shall compile records of required monitoring information that include:
 - a) Date, place as defined in this permit, and time of sampling or measurements.
 - b) Analyses performance dates;
 - c) Company or entity that performed analyses;
 - d) Analytical techniques or methods used;
 - e) Analyses results; and
 - f) Operating conditions during time of sampling or measurement;
2. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained at the source authorized by this permit for a period of five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality.
3. The permittee shall allow the Cabinet or authorized representatives to perform the following:
 - a) Enter upon the premises where a source is located or emissions-related activity is conducted, or where records are kept;
 - b) Have access to and copy, at reasonable times, any records required by the permit:
 - i) During normal office hours, and
 - ii) During periods of emergency when prompt access to records is essential to proper assessment by the Cabinet;
 - c) Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit. Reasonable times shall include, but are not limited to the following:
 - i) During all hours of operation at the source,
 - ii) For all sources operated intermittently, during all hours of operation at the source and the hours between 8:00 a.m. and 4:30 p.m., Monday through Friday, excluding holidays, and
 - iii) During an emergency; and
 - d) Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements. Reasonable times shall include, but are not limited to the following:
 - i) During all hours of operation at the source,
 - ii) For all sources operated intermittently, during all hours of operation at the source and the hours between 8:00 a.m. and 4:30 p.m., Monday through Friday, excluding holidays, and
 - iii) During an emergency.
4. No person shall obstruct, hamper, or interfere with any Cabinet employee or authorized representative while in the process of carrying out official duties. Refusal of entry or access may constitute grounds for permit revocation and assessment of civil penalties.

SECTION F - MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS (CONTINUED)

5. Records of any monitoring required by this permit, other than continuous emission or opacity monitors, shall be reported to the Division's Hazard Regional Office no later than the six-month anniversary date of this permit and every six months thereafter during the life of this permit, unless otherwise stated in this permit. Data from the continuous emission and opacity monitors shall be reported to the Director in accordance with the requirements of State Regulation 401 KAR 59:005, General Provisions, Section 3(3). All reports shall be certified by a responsible official pursuant to Section 6(1) of State Regulation 401 KAR 50:035, Permits. All deviations from permit requirements shall be clearly identified in the reports.
6. In accordance with State Regulation 401 KAR 50:055, Section 1, the owner or operator shall notify the Division for Air Quality's Hazard Regional Office by telephone as promptly as possible any deviation from permit requirements, including those due to malfunctions, unplanned shutdowns, ensuing startups, or upset conditions. Pursuant to State Regulation 401 KAR 50:035, Section 7(1)(e), the notification shall describe the probable cause of the deviations and corrective actions or preventive measures taken.
7. The permittee shall certify compliance with the terms and conditions contained in this permit, annually on the permit issuance anniversary date to the Division for Air Quality's Hazard Regional Office and the U.S. EPA in accordance with the following requirements:
 - a) Identification of each term or condition of the permit that is the basis of the certification;
 - b) The compliance status regarding each term or condition of the permit;
 - c) Whether compliance was continuous or intermittent; and
 - d) The method used for determining the compliance status for the source, currently and over the reporting period, pursuant to State Regulation 401 KAR 50:035, Section 7(1)(c),(d), and (e).
 - e) Other facts the Division may require to determine the compliance status of the source; and
 - f) The certification shall be postmarked by the thirtieth (30th) day following the applicable permit issuance anniversary date.
8. In accordance with State Regulation 401 KAR 50:035, Section 23, the permittee shall report all information necessary to determine its subject emissions.
9. The permittee shall be required to perform and record daily opacity readings on the thermal dryer exhaust stack to ensure compliance with the requirements of the opacity standard of State Regulation 401 KAR 61:020, Existing process operations. Records of opacity compliance shall be reported to the Division's Hazard Regional Office no later than the six-month anniversary date of this permit and every six months thereafter during the life of this permit.

SECTION G - GENERAL CONDITIONS

(a) General Compliance Requirements

1. The permittee shall comply with all conditions of this permit. A noncompliance shall be (a) violation(s) of State Regulation 401 KAR 50:035, Permits, Section 7(3)(d) and for federally enforceable permits is also a violation of Federal Statute 42 USC 7401 through 7671q (the Clean Air Act) and is grounds for enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit.
2. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance, shall not stay any permit condition.
3. This permit may be revised, revoked, reopened and reissued, or terminated for cause. The permit will be reopened for cause and revised accordingly under the following circumstances:
 - a) If additional applicable requirements become applicable to the source and the remaining permit term is three (3) years or longer. In this case, the reopening shall be completed no later than eighteen (18) months after promulgation of the applicable requirement. A reopening shall not be required if compliance with the applicable requirement is not required until after the date on which the permit is due to expire, unless this permit or any of its terms and conditions have been extended pursuant to State Regulation 401 KAR 50:035, Section 12(2)(c)3;
 - b) The Cabinet or the U. S. EPA determines that the permit contains a material mistake or that inaccurate statements were made in establishing the emissions standards or other terms or conditions of the permit; or
 - c) The Cabinet or the U. S. EPA determines that the permit must be revised or revoked to assure compliance with the applicable requirements.

Proceedings to reopen and reissue a permit shall follow the same procedures as apply to initial permit issuance and shall affect only those parts of the permit for which cause to reopen exists. Reopenings shall be made as expeditiously as practicable. Reopenings shall not be initiated before a notice of intent to reopen is provided to the source by the Division, at least thirty (30) days in advance of the date the permit is to be reopened, except that the Division may provide a shorter time period in the case of an emergency.

4. The permittee shall furnish to the Division, in writing, information that the Division may request to determine whether cause exists for modifying, revoking and reissuing, or terminating the permit, or to determine compliance with the permit.
5. The permittee, upon becoming aware that any relevant facts were omitted or incorrect information was submitted in the permit application, shall promptly submit such supplementary facts or corrected information to the permitting authority. The permittee shall also provide additional information as necessary to address any requirement that becomes applicable to the source after the date a complete permit application was submitted but prior to the release of the draft permit.

SECTION G - GENERAL CONDITIONS (CONTINUED)

6. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result

of any legal or other action shall not invalidate any other portion or condition of this permit.

7. The permittee shall not use as a defense in an enforcement action the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance.
8. Except as identified as state-origin requirements in this permit, all terms and conditions contained herein shall be enforceable by the United States Environmental Protection Agency and citizens of the United States.
9. This permit shall be subject to suspension if the permittee fails to pay all emissions fees within 90 days after the date of notice as specified in State Regulation 401 KAR 50:038, Section 3(6).
10. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance.
11. This permit shall not convey property rights or exclusive privileges.
12. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by the Kentucky Cabinet for Natural Resources and Environmental Protection or any other federal, state, or local agency.
13. Nothing in this permit shall alter or affect the authority of U.S. EPA to obtain information pursuant to Federal Statute 42 USC 7414, Inspections, monitoring, and entry.
14. Nothing in this permit shall alter or affect the authority of U.S. EPA to impose emergency orders pursuant to Federal Statute 42 USC 7603, Emergency orders.
15. Permit Shield: Except as provided in State Regulation 401 KAR 50:035, compliance by the affected facilities listed herein with the conditions of this permit shall be deemed compliance with the specially identified applicable requirements as of the date of issuance of this permit.

(b) Permit Expiration and Reapplication Requirements

1. This permit shall remain in effect for five years after the date of issuance. The permit shall become null and void after the expiration date unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit.
2. Notwithstanding the provisions in General Condition (b)1, if the permitting authority has received an application for renewal, deemed it administratively complete, and failed to reissue the permit for reasons other than cause, authorization to operate shall continue beyond the expiration date to the point of permit modification, reissuance, or revocation.
3. All previous permits issued for this source at this location are hereby null and void.

SECTION G - GENERAL CONDITIONS (CONTINUED)

8 Permit Revisions

1. A permit revision shall not be required for changes which are explicitly authorized by the conditions of this permit.
2. A permit revision shall not be required for changes that are part of an approved economic incentive, marketable permit, emission trading, or other similar program or process which is specifically provided for in this permit.
3. This permit is not transferable by the permittee. Future owners and operators shall obtain a new permit from the Division for Air Quality. The new permit may be processed as an administrative amendment if no other change in this permit is necessary, and provided that a written agreement containing a specific date for transfer of permit responsibility coverage and liability between the current and new permittee has been submitted to the permitting authority thirty (30) days in advance of the transfer.

(d) Acid Rain Program Requirements

1. If an applicable requirement of Federal Statute 42 USC 7401 through 7671q (the Clean Air Act) is more stringent than an applicable requirement promulgated pursuant to Federal Statute 42 USC 7651 through 7651o (Title IV of the Act), both provisions shall apply, and both shall be state and federally enforceable.

(e) Emergency Provisions

1. An emergency shall constitute an affirmative defense to an action brought for noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or other relevant evidence that:
 - i) An emergency occurred and the permittee can identify the cause of the emergency;
 - ii) The permitted facility was at the time being properly operated;
 - iii) During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and,
 - iv) The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency. The notice shall meet the requirements of State Regulation 401 KAR 50:035, Permits, Section 7(1)(e), and include a description of the emergency, steps taken to mitigate emissions, and the corrective actions taken. This requirement does not relieve the source of any other local, state or federal notification requirements.
2. Emergency conditions listed in General Condition (e)1 above are in addition to any emergency or upset provision(s) contained in an applicable requirement.
3. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof.

SECTION G - GENERAL CONDITIONS (CONTINUED)

(f) Risk Management Provisions

None

(g) Ozone depleting substances

1. The permittee shall comply with the standards for recycling and emissions reduction pursuant to 40 CFR 82, Subpart F, except as provided for Motor Vehicle Air Conditioners (MVACs) in Subpart B:
 - a. Persons opening appliances for maintenance, service, repair, or disposal shall comply with the required practices contained in 40 CFR 82.156.
 - b. Equipment used during the maintenance, service, repair, or disposal of appliances shall comply with the standards for recycling and recovery equipment contained in 40 CFR 82.158.
 - c. Persons performing maintenance, service, repair, or disposal of appliances shall be certified by an approved technician certification program pursuant to 40 CFR 82.161.
 - d. Persons disposing of small appliances, MVACs, and MVAC-like appliances (as defined at 40 CFR 82.152) shall comply with the record keeping requirements pursuant to 40 CFR 82.166.
 - e. Persons owning commercial or industrial process refrigeration equipment shall comply with the leak repair requirements pursuant to 40 CFR 82.156.
 - f. Owners/operators of appliances normally containing 50 or more pounds of refrigerant shall keep records of refrigerant purchased and added to such appliances pursuant to 40 CFR 82.166.
2. If the permittee performs service on motor (fleet) vehicle air conditioners containing ozone-depleting substances, the source shall comply with all applicable requirements as specified in 40 CFR 82, Subpart B, Servicing of Motor Vehicle Air Conditioners.